

[4310-MR-W]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Submitted for Office of Management and Budget (OMB) Review; Comment Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of a revision of a currently approved information collection (OMB Control Number 1010-0087).

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), we are notifying the public that we have submitted to OMB an information collection request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR parts 227—Delegation to States; 228—Cooperative Activities with States and Indian Tribes; and 229—Delegation to States. This notice also provides the public a second opportunity to comment on the paperwork burden of these regulatory requirements. This ICR is titled “30 CFR Part 227—Delegation to States; 30 CFR Part 228—Cooperative Activities with States and Indian Tribes; and 30 CFR Part 229—Delegation to States.” We changed the title of this ICR to clarify the regulatory language we are covering under 30 CFR parts 227, 228, and 229 and to reflect OMB approval of consolidation of two ICRs, titled:

- ICR 1010-0087: 30 CFR Part 228—Cooperative Activities with States and Indian Tribes; and
- ICR 1010-0088: 30 CFR Part 227—Delegation to States.

In the two ICRs, much of the general information was repeated and cross referenced.

This consolidated ICR 1010-0087 eliminates that duplication of effort and redundancy of data and also includes 30 CFR part 229 information collection burden hours, which were not included in the previous information collections (ICRs 1010-0087 and 1010-0088).

DATES: Submit written comments on or before (INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER).

ADDRESSES: Submit written comments by either FAX (202) 395-6566 or e-mail (*OIRA_Docket@omb.eop.gov*) directly to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior (OMB Control Number 1010-0087).

Please also send a copy of your comments to MMS via e-mail at *mrm.comments@mms.gov*. Include the title of the information collection and the OMB control number in the "Attention" line of your comment. Also include your name and return address. If you do not receive a confirmation that we have received your e-mail, contact Ms. Gebhardt at (303) 231-3211.

You may also mail a copy of your comments to Sharron L. Gebhardt, Lead Regulatory Specialist, Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS 302B2, Denver, Colorado 80225.

If you use an overnight courier service or wish to hand-deliver your comments, our courier address is Building 85, Room A-614, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: Sharron L. Gebhardt, telephone (303) 231-3211, FAX (303) 231-3781, e-mail *Sharron.Gebhardt@mms.gov*. You may

also contact Sharron Gebhardt to obtain, at no cost, copies of (1) the ICR, (2) any associated forms, and (3) regulations that require the subject collection of information.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR Part 227—Delegation to States; 30 CFR Part 228—Cooperative Activities with States and Indian Tribes; and 30 CFR Part 229—Delegation to States.

OMB Control Number: 1010-0087.

Bureau Form Number: None.

Abstract: The Secretary of the U.S. Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The MMS performs the minerals revenue management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share (royalty) of the value received from production on leased lands. The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various kinds of information to the lessor, relative to the disposition of the leased minerals. Such information is similar to data reported to private and public mineral interest owners and is generally available within the records of the lessee or

others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information collected includes data necessary to ensure that the royalties are accurately valued and appropriately paid.

Sections 202 and 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended, authorized the Secretary to develop delegated and cooperative agreements with states and Indian tribes to carry out certain inspection, auditing, investigation, or limited enforcement activities for leases in their jurisdiction. The states and Indian tribes are working partners and are an integral part of the overall onshore and offshore compliance effort.

Applicable Citations

Applicable citations of the laws pertaining to this ICR include:

- (1) Public Law 97-451—Jan. 12, 1983, FOGRMA, Sections 202 and 205; and
- (2) Public Law 104-185—Aug. 13, 1996, as corrected by Public Law 104-200—Sept. 22, 1996, the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), Sections 3, 4, and 8.

Public laws pertaining to mineral royalties are located on our website at http://www.mrm.mms.gov/Laws_R_D/PublicLawsAMR.htm.

Relevant parts of the Code of Federal Regulations (CFR) include 30 CFR parts 227, 228, and 229, as described below:

Title 30 CFR part 227, Delegation to States, provides procedures to delegate certain Federal minerals revenue management functions to states for Federal oil and gas, geothermal, and solid mineral leases and leases subject to 8(g) of the Outer Continental Shelf Lands Act, within their state boundaries.

Title 30 CFR part 228, Cooperative Activities with States and Tribes, provides procedures to utilize the capabilities of the Indian tribes to carry out audits and related investigations of their respective leased lands.

Title 30 CFR part 229, Delegation to States, provides procedures to utilize the capabilities of the states to carry out audits and related investigations of leased Indian lands within their respective state boundaries, by permission of the respective Indian tribal councils or individual Indian mineral owners.

Effective September 11, 1997, parts 228 and 229 do not apply to Federal lands, due to implementation of RSFA amendments.

Delegation to States, 30 CFR Part 227

The states audit Federal lands under provisions of 30 CFR part 227. The Secretary is authorized under Section 205 of FOGRMA, as amended by RSFA Section 3, to delegate to states, all or part of authorities and responsibilities of the Secretary, to conduct inspections, audits, investigations, and limited enforcement activities for leases in their jurisdiction. Specifically, RSFA Section 3 amended FOGRMA Section 205 to add items e through g below for minerals revenue management functions on Federal lands:

- a. Conducting audits and investigations;
- b. Issuing demands and subpoenas (except for solid mineral and geothermal leases);
- c. Issuing orders to perform restructured accounting;
- d. Issuing related tolling agreements and notices to lessees or their designees;
- e. Receiving and processing production and royalty reports;
- f. Correcting erroneous report data; and
- g. Performing automated verification.

Under FOGRMA

Eleven states currently have MMS-approved delegation agreements to perform audits and investigations, which are the functions previously authorized under FOGRMA (items a through d above). The most recent delegated agreement was established in 2004 between MMS and the state of Alaska.

The states perform nearly all audits on Federal leases within their boundaries and typically receive 50 percent of any additional collections; however, Alaska typically receives 90 percent of onshore royalties. Many states gain efficiencies by performing audits on state severance taxes and concurrently on properties that have both Federal and state interests. Federal royalties are a significant portion of many states' annual budgets.

Under RFSA

Only one state has proposed a delegation agreement to assume automated verification authorized by RSFA, since the final rulemaking of Delegation of Royalty Management Functions to States published on August 12, 1997 (62 FR 43076), effective September 11, 1997. At this time, Minerals Revenue Management (MRM), a program of MMS, has not approved the state for said function (item g above). However, upon further review, the state's proposal was determined to be an alternative review methodology, which was approved for use, rather than a new system for performing automated verification. Section 227.600 of the 1997 rulemaking describes automated verification functions that are no longer performed as independent processes. These processes are combined in an end-to-end compliance review process. Following reengineering, the validation processes for volume, unit price, royalty rate, and allowance limitations have been combined in the end-to-end compliance review process. States

have been advised that delegations are available for compliance reviews, performed in accordance with MRM guidelines.

To be considered for delegation under 30 CFR part 227, states must submit a written delegation proposal to, and receive approval from, the MMS Associate Director for MRM. Delegation agreements benefit both MMS and states by helping to ensure accurate and timely production reporting, royalty payment, and proper product valuation through the application of an aggressive and comprehensive audit program.

When a state performs any of the delegated functions under 30 CFR part 227, the state also assumes the burden of providing various types of information to MMS. Under RSFA, and to properly administer the delegation of the functions to the requesting states, MRM must collect pertinent information from industry and states to ensure that this program continues to operate efficiently and effectively.

Currently, companies send all royalty reports and payments (ICR 1010-0140, expires October 31, 2006) and production reports (ICR 1010-0139, expires August 31, 2006) to MRM. The MRM verifies the accuracy of the reports and payments prior to disbursing the funds to states, Indian tribes, individual Indian mineral owners, the U.S. Treasury, and other Federal agencies. If states choose to participate in the delegable function of receiving and processing financial and production reports, payors/reporters must send these reports to each participating state for the Federal leases within that state and to MRM for the remaining Federal leases. The states must verify the accuracy of these reports.

The MRM currently handles production and royalty reporting, error correction, end-to-end compliance review process, issuing demand letters, and billing actions. Although

one state has requested to perform automated verification, if another state does in the future, payors/reporters may have to work with and provide data to various contacts in the participating state(s) and in MRM.

The MRM is held accountable to certain measurements and standards and must file reports to outside entities. States choosing to participate in any delegable function will be held to these same measurements and standards and, therefore, will have to provide data to document the work they are performing. This information, provided to MMS in the course of performing delegated agreements, is the focus of this information collection. States must comply with Generally Accepted Accounting Principles (GAAP) and MMS standards, as required under 30 CFR 227.200, and with the *MRM Audit Manual*, *MRM Compliance Review Manual*, and Generally Accepted Government Auditing Standards (GAGAS), as required under 30 CFR 227.301.

Cooperative Activities with State and Indian Tribes, 30 CFR Part 228

The final rulemaking of Delegation of Royalty Management Functions to States was published on August 12, 1997 (62 FR 43076), effective September 11, 1997, and stated that part 228 does not apply to Federal lands because delegation for Federal lands is now covered under part 227.

The Secretary is authorized under FOGPMA Section 202, Cooperative Agreements, as amended by RSFA Section 8, to enter into cooperative agreements with any state or Indian tribe upon their written request; to share oil or gas revenue management information; and to use the capabilities of states and Indian tribes to carry out inspection, royalty audit, and related investigation and enforcement activities.

States

There are no states with cooperative agreements, as no state has proposed to enter into a cooperative agreement or to undertake activities on Indian lands within its boundaries.

Indian Tribes

Currently, seven Indian tribes have cooperative agreements to perform audits and investigations. When an Indian tribe performs any of the cooperative activities under 30 CFR part 228, the Indian tribe also assumes the burden of providing various types of information to MMS. This information, provided to MMS in the course of performing cooperative activities, is the focus of this information collection. After the request is accepted and a cooperative agreement is in effect, Indian tribes must submit an annual workplan and budget, as well as quarterly reimbursement vouchers. They must follow GAAP and MMS standards as required under 30 CFR 228.102. The cooperative agreements also require them to comply with the *MRM Audit Manual*, *MRM Compliance Review Manual*, and GAGAS.

Cooperative activities benefit both MMS and Indian tribes by helping to ensure accurate and timely production reporting, proper product valuation, and accurate and timely royalty payment through the application of an aggressive and comprehensive audit program.

Indian tribes currently manage audits for 89 percent of all tribal mineral royalties. Major focus in FY 2007 provide for additional full-time MMS employees to provide increased oversight of Indian tribal audits due to a recent court decision.

To be considered for a cooperative audit agreement, Indian tribes must comply with the regulations at 30 CFR part 228. Indian tribes who want to perform royalty audits in

cooperation with MMS must submit a written proposal to enter into a cooperative agreement, signed by the tribal chairman or other appropriate official, to the MMS Director. The request should outline the activities to be undertaken and present evidence that the Indian tribe(s) can meet the standards established by the Secretary for the activities to be conducted. Prior to beginning work, approval must be obtained from the MMS Director.

Delegation to States, 30 CFR Part 229

The final rulemaking of Delegation of Royalty Management Functions to States was published on August 12, 1997 (62 FR 43076), effective September 11, 1997, and stated that part 229 does not apply to Federal lands because delegation for Federal lands is now covered under part 227.

At this time, no state has proposed to undertake delegated functions on Indian lands within its boundaries.

Under the Secretary's delegation of authority at this part, a state may conduct audits and related investigations of oil and gas payments made to MMS regarding leased Indian lands within the state's boundaries. A state must receive written permission from the respective Indian tribe(s) or individual Indian mineral owner(s).

After receiving written permission, the governor or other authorized official of a state may petition the Secretary to assume responsibilities of conducting audits and related investigation of Indian oil and gas leases. A state petitioning for a delegation of authority will have the opportunity to present testimony at a public hearing within the state.

After the state receives approval of the Secretary's delegation of authority, it must submit annual audit workplans detailing its audits and related investigations, annual

budgets, and quarterly reimbursement vouchers. The state shall maintain books and records and provide a quarterly summary of costs following Department standards, as required under 30 CFR 229.109.

In addition, 30 CFR 229.101(b), covering the Federal Government's administration of delegations, states:

(b) A State may enter into a delegation of authority under this part [229] without affecting a State's ability to enter into a cooperative agreement under Part 228 of this chapter.

Summary

Proprietary information submitted to MMS under this collection is protected. No items of a sensitive nature are collected. The opportunity to engage in these programs is voluntary; however, if the respondents want to receive benefits, the requirement for response is mandatory.

Frequency of Response: Varies based on the function performed.

Estimated Number and Description of Respondents: 11 states and 7 Indian tribes.

Estimated Annual Reporting and Recordkeeping "Hour" Burden: 6,194 hours.

We are revising this ICR to include reporting requirements from part 229 citations that were overlooked in the previous renewal, and we have adjusted the burden hours accordingly.

The MMS estimates 774 responses each year from the 11 states and 7 Indian tribes. We estimate the total annual burden is 6,194 (4,389 for states and 1,805 for Indian tribes) reporting and recordkeeping hours. Due to the complexity of the chart below, we are detailing the number of burden hours for the states and Indian tribes.

- States: We estimate 711 responses (695 from 30 CFR part 227 and 16 from part 229) from 11 states. We estimate the total annual burden for these responses is 4,389 (4,373 from 30 CFR part 227 and 16 from 30 CFR part 229) reporting and recordkeeping hours due to historical information.
- Indian tribes: We estimate 63 responses (from 30 CFR part 228) from 7 Indian tribes. We estimate the total annual burden for these responses is 1,805 reporting and recordkeeping hours due to historical information.

We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
PART 227—DELEGATION TO STATES				
DELEGATION PROPOSALS				
227.103	What must a State's delegation proposal contain? If you want MMS to delegate royalty management functions to you, then you must submit a delegation proposal to the MMS Associate Director for Minerals Revenue Management. MMS will provide you with technical assistance and information to help you prepare your delegation proposal. . . .	200	1	200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
DELEGATION PROCESS				
227.107	When will the MMS Director decide whether to approve a State's delegation proposal? The MMS Director will decide whether to approve your delegation proposal within 90 days after your delegation proposal is considered complete under § 227.104. MMS may extend the 90-day period with your written consent.	Hour burden covered under § 227.103.		
227.109	What if the MMS Director denies a State's delegation proposal? If the MMS Director denies your delegation proposal, MMS will state the reasons for denial. MMS also will inform you in writing of the conditions you must meet to receive approval. You may submit a new delegation proposal at any time following a denial.	Hour burden covered under § 227.103.		
227.110(a)	When and for how long are delegation agreements effective? (a) Delegation agreements are effective for 3 years from the date the MMS Director signs the delegation agreement. However, during the development of the State's delegation proposal under § 227.108 of this part, MMS, the delegated State, and any other affected person will determine an appropriate transition period for lessees and their designees to modify their systems to comply with any new requirements under a delegation agreement. . . .	Hour burden covered under § 227.103.		
227.110(b) and (b)(1)	(b) You may ask MMS to renew the delegation for an additional 3 years no less than 6 months before your 3-year delegation agreement expires. You must submit your renewal request to the MMS Associate Director for Minerals Revenue Management as follows: (1) If you do not want to change the terms of your delegation agreement for the renewal period, you need only ask to extend your existing agreement for the 3-year renewal period. . . .	Hour burden covered under § 227.103.		

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
227.110 (b)(2)	(b)(2) If you want to change the terms of your delegation agreement for the renewal period, you must submit a new delegation proposal under this part.	15	11	165
227.110(c)	(c) The MMS Director may approve your renewal request only if MMS determines that you are meeting the requirements of the applicable standards and regulations. If the MMS Director denies your renewal request, MMS will state the reasons for denial. MMS also will inform you in writing of the conditions you must meet to receive approval. You may submit a new renewal request any time after denial.	Hour burden covered under § 227.103.		
227.110(d)	(d) After the 3-year renewal period for your delegation agreement ends, if you wish to continue performing one or more delegated functions, you must request a new delegation agreement from MMS under this part. MMS will schedule a hearing on your request, if MMS determines a hearing is appropriate. . . .	Hour burden covered under § 227.103.		
227.110(e)	(e) If you do not request a hearing under paragraphs (b)(1) or (d) of this section, any other affected person may submit a written request for a hearing under those paragraphs to the MMS Associate Director for Minerals Revenue Management.	Hour burden covered under § 227.103.		
EXISTING DELEGATIONS				
227.111(a) and (b)	Do existing delegation agreements remain in effect? This section explains your options if you have a delegation agreement in effect on the effective date of this regulation. (a) . . . Before the agreement expires, if you wish to continue to perform one or more of the delegated functions you performed under the expired agreement, you must request a new delegation agreement meeting the requirements of this part and the	Hour burden covered under § 227.103.		

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	applicable standards. (b) If you want to perform royalty management functions in addition to those authorized under your existing agreement, you must request a new delegation agreement.			
COMPENSATION				
227.112(d)	What compensation will a State receive to perform delegated functions? You will receive compensation for your costs to perform each delegated function subject to the following conditions . . . (d) At a minimum, you must provide vouchers detailing your expenditures quarterly during the fiscal year. However, you may agree to provide vouchers on a monthly basis in your delegation agreement . . .	4	84 (NOTE: 5 states x 12 monthly vouchers=60 and 6 states x 4 quarterly vouchers = 24)	336
227.112(e)	(e) You must maintain adequate books and records to support your vouchers. . . .	Hour burden covered under § 227.200(d).		
STATES' RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS				
227.200(a) (b), (c), and (d)	What are a State's general responsibilities if it accepts a delegation? For each delegated function you perform, you must: (a) . . . seek information or guidance from MMS regarding new, complex, or unique issues. . . . (b)(1) . . . Provide complete disclosure of financial results of activities; (2) Maintain correct and accurate records of all mineral-related transactions and accounts; (3) Maintain effective controls and accountability; (4) Maintain a system of accounts . . . (5) Maintain adequate royalty and production information . . . (c) Assist MMS in meeting the requirements of the Government Performance and Results Act (GPRA) . . . (d) Maintain all records you obtain	200	11	2,200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	or create under your delegated function, such as royalty reports, production reports, and other related information. . . . You must maintain such records for at least 7 years. . . .			
227.200(e)	(e) Provide reports to MMS about your activities under your delegated functions . . . At a minimum, you must provide periodic statistical reports to MMS summarizing the activities you carried out . . .	3	44 (NOTE: 4 quarterly reports x 11 states = 44)	132
227.200(f)	(f) Assist MMS in maintaining adequate reference, royalty, and production databases. . . .	1	250	250
227.200(h)	(h) Help MMS respond to requests for information from other Federal agencies, Congress, and the public . . .	8	10	80
227.200(g) and 227.301(e)	§ 227.200 What are a State's general responsibilities if it accepts a delegation? (g) Develop annual work plans. . . . § 227.301 What are a State's responsibilities if it performs audits? If you perform audits you must . . . (e) Prepare and submit MMS Audit Work Plans . . .	60	11	660
227.400 (a)(4) and (a)(6)	What functions may a State perform in processing production reports or royalty reports? Production reporters or royalty reporters provide production, sales, and royalty information on mineral production from leases that must be collected, analyzed, and corrected. (a) If you request delegation of either production report or royalty report processing functions, you must perform . . . (4) Timely transmitting production report or royalty report data to MMS and other affected Federal agencies . . . (6) Providing production data or royalty data to MMS and other affected Federal agencies. . . .	1	250	250

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
227.400(c)	(c) You must provide MMS with a copy of any exceptions from reporting and payment requirements for marginal properties and any alternative royalty and payment requirements for unit agreements and communitization agreements you approve.	1	12	12
227.401(d)	What are a State's responsibilities if it processes production reports or royalty reports? In processing production reports or royalty reports you must . . . (d) Timely transmit required production or royalty data to MMS and other affected Federal agencies . . .	Hour burden covered under § 227.400(a)(4) and (a)(6).		
227.401(e)	In processing production reports or royalty reports you must . . . (e) Access well, lease, agreement, and reporter reference data from MMS, and provide updated information to MMS . . .	Hour burden covered under § 227.200(f).		
227.501(c)	What are a State's responsibilities to ensure that reporters correct erroneous data? (c) Submit accepted and corrected lines to MMS to allow processing in a timely manner . . .	Hour burden covered under § 227.400(a)(4) and (a)(6).		
227.601(c)	What are a State's responsibilities if it performs automated verification? To perform automated verification of production reports or royalty reports, you must . . . (c) Maintain all documentation and logging procedures . . .	8	11	88
227.601(d)	(d) Access well, lease, agreement, and production reporter or royalty reporter reference data from MMS and provide updated information to MMS . . .	Hour burden covered under § 227.200(f).		

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
PERFORMANCE REVIEW				
227.801(a)	What if a State does not adequately perform a delegated function? If your performance of the delegated function does not comply with your delegation agreement . . . (a) . . . You may ask MMS for an extension of time to comply with the notice. In your extension request you must explain why you need more time . . .	Hour burden covered under § 227.200(e).		
227.804	How else may a State's delegation agreement terminate? You may request MMS to terminate your delegation at any time by submitting your written notice of intent 6 months prior to the date on which you want to terminate. . . .	Hour burden covered under § 227.200(e).		
227.805	How may a State obtain a new delegation agreement after termination? After your delegation agreement is terminated, you may apply again for delegation by beginning with the proposal process. . . .	Hour burden covered under § 227.103.		
Subtotal Burden for 30 CFR Part 227			695	4,373
PART 228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES				
SUBPART C—OIL AND GAS, ONSHORE				
228.100(a) and (b)	Entering into an agreement. (a) . . . Indian tribe may request the Department to enter into a cooperative agreement by sending a letter from . . . tribal chairman . . . to the Director of MMS. (b) The request for an agreement shall be in a format prescribed by MMS and should include at a minimum the following information: (1) Type of eligible activities to be undertaken. (2) Proposed term of the agreement. (3) Evidence that . . . Indian tribe meets, or can meet by the time the agreement is in effect . . . (4) If the State is proposing to undertake activities on Indian lands located within the State, a resolution from the appropriate	200	1	200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	tribal council indicating their agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.			
228.101(a)	Terms of agreement. (a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request of . . . Indian tribe. . . .	15	7	105
228.101(c)	(c) . . . Indian tribe may unilaterally terminate an agreement by giving a 120-day written notice of intent to terminate.	Hour burden covered under § 228.100(a).		
228.101(d)	(d) . . . Indian tribe will be given 60 days to respond to the notice of deficiencies and to provide a plan for correction of those deficiencies	80	1	80
228.103(a) and (b)	Maintenance of records. (a) . . . Indian tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials . . . (b) . . . Indian tribe shall maintain all books and records . . .	120	7	840
228.105 (a)(1) and (a)(2)	Funding of cooperative agreements. (a)(1) The Department may, under the terms of the cooperative agreement, reimburse . . . Indian tribe up to 100 percent of the costs of eligible activities. Eligible activities will be agreed upon annually upon the submission and approval of a work plan and funding requirement. (2) A cooperative agreement may be entered into with . . . Indian tribe, upon request, without a requirement for reimbursement of costs by the Department.	60	7	420

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
228.105(c)	(c) . . . Indian tribe shall submit a voucher for reimbursement of eligible costs incurred within 30 days of the end of each calendar quarter. . . . Indian tribe must provide the Department a summary of costs incurred, for which . . . Indian tribe is seeking reimbursement, with the voucher.	4	40 (NOTE: 1 tribe x 12 monthly vouchers = 12 and 7 tribes x 4 quarterly vouchers = 28)	160
228.107(b)	Eligible cost of activities. (b) . . . Each cooperative agreement shall contain detailed schedules identifying those activities and costs which qualify for funding and the procedures, timing, and mechanics for implementing Federal funding.	Hour burden covered under § 228.100(a) and (b).		
Subtotal Burden for 30 CFR Part 228			63	1,805
PART 229—DELEGATION TO STATES				
SUBPART C—OIL AND GAS, ONSHORE				
ADMINISTRATION OF DELEGATIONS				
229.100 (a)(1) and (a)(2)	Authorities and responsibilities subject to delegation. (a) All or part of the following authorities and responsibilities of the Secretary under the Act may be delegated to a State authority: (1) Conduct of audits related to oil and gas royalty payments made to the MMS which are attributable to leased . . . Indian lands within the State. Delegations with respect to any Indian lands require the written permission, subject to the review of the MMS, of the affected Indian tribe or allottee. (2) Conduct of investigation related to oil and gas royalty payments made to the MMS which are attributable to . . . Indian lands within the State. Delegation with respect to any Indian lands require the written permission, subject to the review of the MMS, of the affected Indian tribe or allottee. No investigation will be initiated without the specific approval of the MMS. . . .	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
229.101(a) and (d)	<p>Petition for delegation.</p> <p>(a) The governor or other authorized official of any State which contains . . . Indian oil and gas leases where the Indian tribe and allottees have given the State an affirmative indication of their desire for the State to undertake certain royalty management-related activities on their lands, may petition the Secretary to assume responsibilities to conduct audits and related investigations of royalty related matters affecting . . . Indian oil and gas leases within the State . . .</p> <p>(d) In the event that the Secretary denies the petition, the Secretary must provide the State with the specific reasons for denial of the petition. The State will then have 60 days to either contest or correct specific deficiencies and to reapply for a delegation of authority.</p>	1	1	1
229.102(c)	<p>Fact-finding and hearings.</p> <p>(c) A State petitioning for a delegation of authority shall be given the opportunity to present testimony at a public hearing.</p>	1	1	1
229.103(c)	<p>Duration of delegations; termination of delegations.</p> <p>(c) A State may terminate a delegation of authority by giving a 120-day written notice of intent to terminate.</p>	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
229.105	Evidence of Indian agreement to delegation. In the case of a State seeking a delegation of authority for Indian lands . . . the State petition to the Secretary must be supported by an appropriate resolution or resolutions of tribal councils joining the State in petitioning for delegation and evidence of the agreement of individual Indian allottees whose lands would be involved in a delegation. Such evidence shall specifically speak to having the State assume delegated responsibility for specific functions related to royalty management activities.	1	1	1
229.106	Withdrawal of Indian lands from delegated authority. If at any time an Indian tribe or an individual Indian allottee determines that it wishes to withdraw from the State delegation of authority in relation to its lands, it may do so by sending a petition of withdrawal to the State. . . .	1	1	1
229.109(a)	Reimbursement for costs incurred by a State under the delegation of authority. (a) The Department of the Interior (DOI) shall reimburse the State for 100 percent of the direct cost associated with the activities undertaken under the delegation of authority. The State shall maintain books and records in accordance with the standards established by the DOI and will provide the DOI, on a quarterly basis, a summary of costs incurred . . .	1	1	1
229.109(b)	(b) The State shall submit a voucher for reimbursement of costs incurred within 30 days of the end of each calendar quarter.	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
DELEGATION REQUIREMENTS				
229.120	Obtaining regulatory and policy guidance. All activities performed by a State under a delegation must be in full accord with all Federal laws, rules and regulations, and Secretarial and agency determinations and orders relating to the calculation, reporting, and payment of oil and gas royalties. In those cases when guidance or interpretations are necessary, the State will direct written requests for such guidance or interpretation to the appropriate MMS officials. . . .	1	1	1
229.121(a), (b), (c), and (d)	Recordkeeping requirements. (a) The State shall maintain in a safe and secure manner all records, workpapers, reports, and correspondence gained or developed as a consequence of audit or investigative activities conducted under the delegation . . . (b) The State must maintain in a confidential manner all data obtained from DOI sources or from payor or company sources under the delegation . . . (c) All records subject to the requirements of paragraph (a) must be maintained for a 6-year period measured from the end of the calendar year in which the records were created . . . Upon termination of a delegation, the State shall, within 90 days from the date of termination, assemble all records specified in subsection (a), complete all working paper files in accordance with § 229.124, and transfer such records to the MMS. (d) The State shall maintain complete cost records for the delegation in accordance with generally accepted accounting principles. . . .	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
229.122 (a), (b), and (c)	Coordination of audit activities. (a) Each State with a delegation of authority shall submit annually to the MMS an audit workplan specifically identifying leases, resources, companies, and payors scheduled for audit . . . A State may request changes to its workplan . . . at the end of each quarter of each fiscal year. All requested changes are subject to approval by the MMS and must be submitted in writing. (b) When a State plans to audit leases of a lessee or royalty payor for which there is an MMS or OIG resident audit team, all audit activities must be coordinated through the MMS or OIG resident supervisor. . . . (c) The State shall consult with the MMS and/or OIG regarding resolution of any coordination problems encountered during the conduct of delegation activities.	1	1	1
229.123 (b)(3)(i)	Standards for audit activities. (b)(3) <i>Standards of reporting.</i> (i) Written audit reports are to be submitted to the appropriate MMS officials at the end of each field examination.	1	1	1
229.124	Documentation standards. Every audit performed by a State under a delegation of authority must meet certain documentation standards. In particular, detailed workpapers must be developed and maintained.	1	1	1
229.125(a) and (b)	Preparation and issuance of enforcement documents. (a) Determinations of additional royalties due resulting from audit activities conducted under a delegation of authority must be formally communicated by the State, to the companies or other payors by an issue letter prior to any enforcement action. . . . (b) After evaluating the company or payor's response to the issue letter, the State shall draft a demand letter which will be	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	submitted with supporting workpaper files to the MMS for appropriate enforcement action. Any substantive revisions to the demand letter will be discussed with the State prior to issuance of the letter. . . .			
229.126(a) and (b)	Appeals. (a) . . . The State regulatory authority shall, upon the request of the MMS, provide competent and knowledgeable staff for testimony, as well as any required documentation and analyses, in support of the lessor's position during the appeal process. (b) An affected State, upon the request of the MMS, shall provide expert witnesses from their audit staff for testimony as well as required documentation and analyses to support the Department's position during the litigation of court cases arising from denied appeals. . . .	1	1	1
229.127	Reports from States. The State, acting under the authority of the Secretarial delegation, shall submit quarterly reports which will summarize activities carried out by the State during the preceding quarter of the year under the provisions of the delegation. . . .	1	1	1
Subtotal Burden for 30 CFR Part 229			16	16
TOTAL BURDEN			774	6,194

Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:

Due to more current information, we have identified no “non-hour cost” burden for this information collection.

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a

collection of information unless it displays a currently valid OMB control number.

Comments: Section 3506(c)(2)(A) of the PRA requires each agency “* * * to provide notice * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.” Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, we published a notice in the *Federal Register* on October 25, 2005 (70 FR 61631), announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received no comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the ADDRESSES section of this notice. The OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Public Comment Policy: We will post all comments in response to this notice on our website at http://www.mrm.mms.gov/Laws_R_D/InfoColl/InfoColCom.htm. We will also make copies of the comments available for public review, including names and addresses

of respondents, during regular business hours at our offices in Lakewood, Colorado.

Upon request, we will withhold an individual respondent's home address from the public record, as allowable by law. There also may be circumstances in which we would withhold a respondent's identity, as allowable by law. If you request that we withhold your name and/or address, state your request prominently at the beginning of your comment. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

MMS Information Collection Clearance Officer: Arlene Bajusz (202) 208-7744.

Date

Lucy Querques Denett
Associate Director for
Minerals Revenue Management